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Cuba as a Market For United States Agricultural Products

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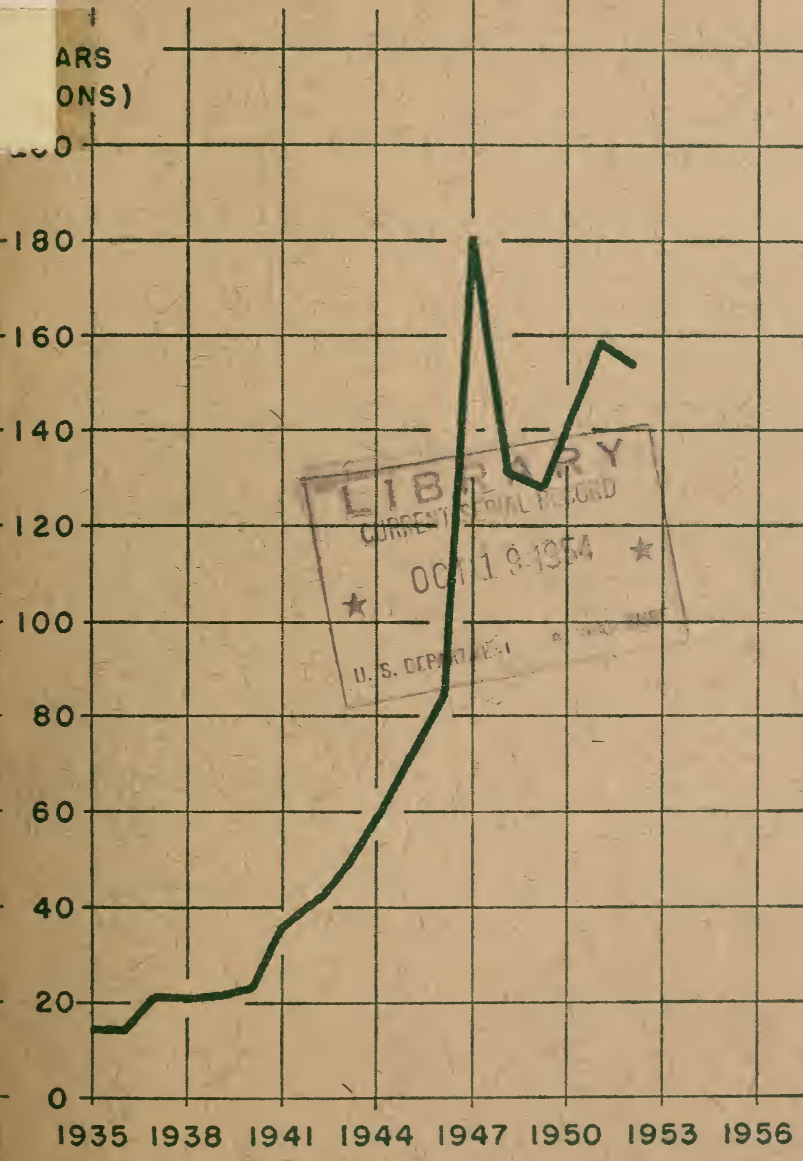

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Foreign Agriculture Report No. 81

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

Preface

This bulletin is the fourth in a series of special studies appraising demand for United States farm products in foreign markets, carried out under the Research and Marketing Act, and the first of a series appraising the Latin American market for our agricultural exports.

The earlier reports are: Agriculture's Stake in Foreign Markets—Trends in United States Agricultural Exports (Agricultural Information Bulletin No. 51), United States Farm Products in Foreign Trade (Statistical Bulletin No. 112), and the United Kingdom Market for United States Agricultural Products (Agricultural Information Bulletin No. 104).

Only developments affecting United States trade with Cuba since World War II are presented here. Background information may be found in "The Agriculture of Cuba," by P. G. Minneman, Foreign Agriculture Bulletin No. 2, December 1942, and in "Cuban Agricultural Policy," by P. G. Minneman, *Foreign Agriculture*, September 1946. See also "Economic Controls and Commercial Policy in Cuba," U. S. Tariff Commission, Washington, D. C., 1946; and "Agricultural, Pastoral, and Foreign Industries in Cuba," U. S. Tariff Commission, Washington, D. C., 1947.

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Washington, D. C., September 1954

Cover chart: Value of United States exports of agricultural products (of domestic origin) to Cuba.

Cuba as a Market for United States Agricultural Products

By Kathryn H. Wylie, Constance H. Farnworth, and Mary S. Coyner[1]

Cuba is an expanding market for the products of United States farms. Exports of United States agricultural products to Cuba in 1952 totaled $154,000,000, almost eight times the prewar figure (table 1). Of these exports, rice is the most important, usually accounting for more than a third of the total.

TABLE 1.—*United States exports of selected agricultural products to Cuba, average 1936–40, annual 1950–52*

Product	Quantity (in millions of pounds)				Value (in millions of dollars)			
	1936–40	1950	1951	1952	1936–40	1950	1951	1952
Rice, milled [1]	168	677	566	480	4.8	58.1	52.2	49.5
Wheat flour	201	82	194	197	5.1	3.3	9.5	10.6
Lard	49	139	146	174	4.0	17.9	25.3	19.7
Cured pork	5	18	24	30	.7	5.2	7.0	8.7
Eggs in the shell [2]	1	2,723	5,317	8,709	(3)	1.1	2.5	3.6
Dry beans	11	68	80	113	.4	4.8	6.7	9.4
Potatoes	43	106	81	79	.5	1.8	2.1	3.0
Onions	22	52	39	39	.4	1.6	1.5	1.0
Apples	6	11	11	9	.2	1.0	1.2	1.1
Cotton, raw	5	10	10	10	.6	3.8	4.4	3.9
Other agricultural products	--------	--------	--------	--------	3.2	43.4	46.6	43.5
Total value, agricultural exports	--------	--------	--------	--------	19.9	142.0	159.0	154.0
Agricultural exports as percentage of total exports to Cuba	--------	--------	--------	--------	25	31	30	30

[1] Including rough rice converted to milled.
[2] 1,000 dozen.
[3] Less than $500,000.

Source: Compiled by Foreign Agricultural Service.

Cuba is our best world market for wheat flour, butter, bacon, hams and shoulders, filberts, onions, chickpeas, dried peas, and many canned fruits and vegetables. In most years Cuba is our first market not only for rice but for lard and is a significant market for processed milk, deciduous fruits, dried beans, and potatoes. It is an excellent market for our agricultural products, largely because of the nature of its economy, its proximity to us, and the preferential trade relations that have existed between the two countries for so many years.

The economy of Cuba is tied closely to that of the United States: Not only does Cuba receive most of its imports from us but it sends

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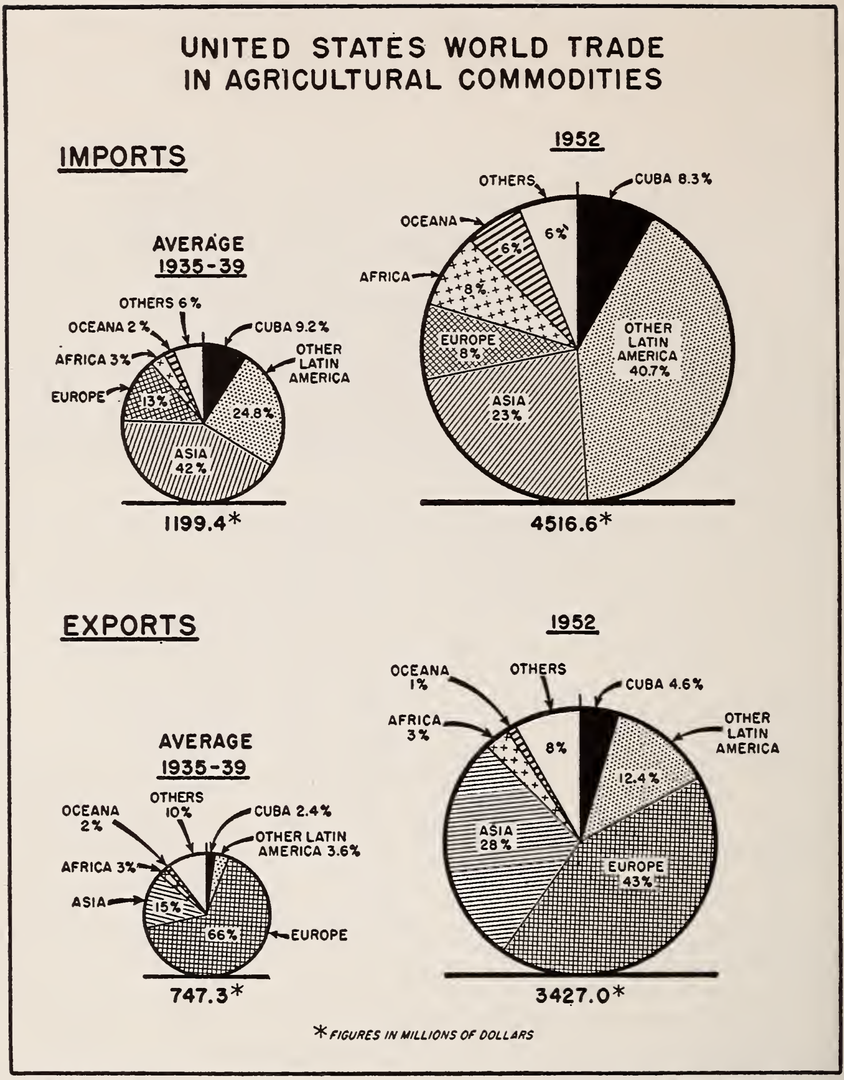
[1] Mrs. Wylie and Miss Farnworth are agricultural economists and Mrs. Coyner is research assistant, Latin American Analysis Branch, Foreign Agricultural Service.



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us most of its exports. Cuba is our principal offshore supplier of sugar, and an important supplier of molasses and sirups, tobacco, henequen, pineapples and preparations, and fresh vegetables. Our agricultural imports from Cuba have almost tripled since the prewar period, to a total of $390,000,000 in 1952 (table 2).

The United States should continue as Cuba's No. 1 supplier of agricultural products if United States-Cuban sugar policy not unfavorable to the Cuban product continues; if our excellent trade relations, including the preferential tariff treatment, are maintained; and if prices for United States goods are competitive.

Prospects for continued expansion in United States agricultural exports to Cuba vary with the different commodities. Our exports of rice, for example, are not expected to increase, for rice production in Cuba has gone up sharply in the past few years; but the high level of trade in the recent past probably will be maintained. Cotton exports for at least several years may be expected to follow the general level of Cuban business activity and demand for textiles, despite the establishment of a cotton growing industry. In general, however, and at least for the immediate future, the determining factors in Cuba's demand for agricultural imports are purchasing power and prosperity on the island; these in turn depend on the fortunes of sugar, Cuba's main cash crop.

Table 2.—*United States imports of selected agricultural products from Cuba, average 1936–40, annual 1950–52*

Product	Quantity				Value (in millions of dollars)			
	1936–40	1950	1951	1952	1936–40	1950	1951	1952
Sugar, raw........1,000,000 pounds..	3,869	6,335	5,896	5,853	83.6	325.3	312.4	316.6
Molasses and sirups.1,000,000 gallons..	200	196	137	199	10.1	14.6	29.8	34.2
Tobacco, unmanufactured 1,000,000 pounds..	14	21	21	22	8.4	24.4	25.7	26.3
Henequen...........1,000 long tons..	7	8	9	4	.6	2.2	4.6	1.8
Bananas............[2] 1,000 bunches..	5,615	647	259	39	2.4	.4	.2	(1)
Pineapples [3]........................	--------	--------	--------	--------	1.6	4.2	3.4	3.0
Grapefruit.........1,000,000 pounds..	8	4	6	7	.1	.1	.2	.2
Avocados.........................do....	10	9	9	6	.2	.4	.5	.3
Tomatoes.........................do....	45	22	30	16	.8	1.2	1.5	.8
Other agricultural products..........	--------	--------	--------	--------	1.6	3.9	5.2	7.6
Total value, agricultural imports..........................	--------	--------	--------	--------	109.4	376.7	383.5	[4] 390.8
Agricultural imports as percentage of total imports from Cuba.........	--------	--------	--------	--------	93	93	92	90

[1] Less than 0.1 million dollar.
[2] Of 50 pounds.
[3] Including fresh and processed.
[4] Preliminary.

Source: Compiled by Foreign Agricultural Service.

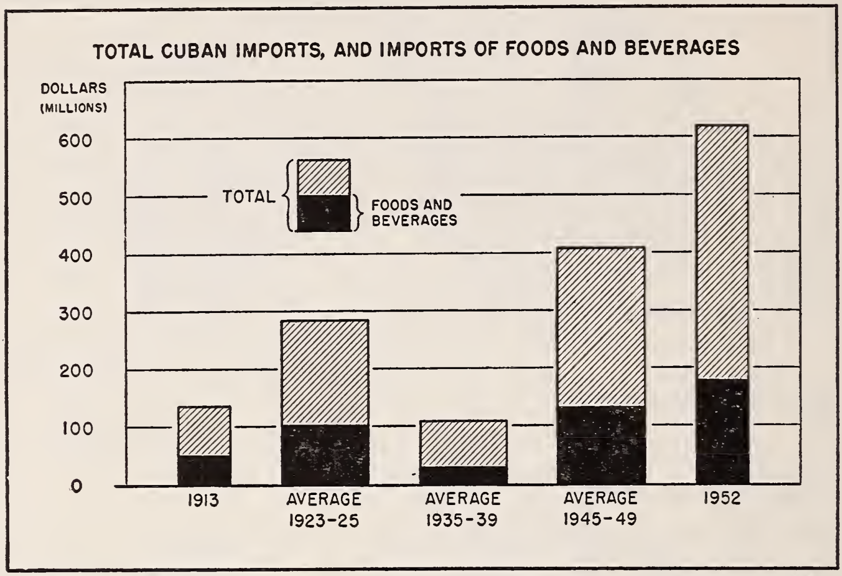
Dependence on Imports

Cuba has many natural resources, including good soil and, despite its position in the path of hurricanes, an equable climate. About half of its land is either under cultivation or in pasture; and most of its 5,500,000 people are engaged in farming or in industries related to farming, chiefly the sugar industry. Devoting so much of its productive effort to the output of sugar for export, Cuba must import a wide variety of goods to supplement its own crops of food and fiber.

Cuba's economy is geared to the export market. Its exports are primarily of agricultural products: In 1952 sugar and sugar derivatives accounted for 85 percent of the total; tobacco, 5 percent.

Excellent sugar crops selling at good prices have given Cuba a high level of economic activity in recent years, and a high level of income. As a result, imports of all classes of goods have increased. By far the most important class is food and beverages, but its share in total imports in 1952 was significantly less than it used to be, say, in 1913 and 1923–25, before a protective tariff was levied on imports, in 1927. Machinery and vehicles rank second; cotton, other vegetable fibers, and wood and vegetable products together make up a group that ranks third.

Cuba is dependent upon imports for many agricultural products (table 3). All of the wheat comes from other countries, most of the cotton and edible fats and oils, three-fourths of the rice, and two-thirds of the pulses. On a quantity basis, an estimated 30 percent of Cuba's food is imported; from the standpoint of money about 40 percent of the total wholesale food bill is spent for imported products.



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Rice, wheat flour, and lard are the most important of the food imports, accounting for 15 percent of all import value. In addition, Temperate Zone fruits and vegetables, canned goods, and processed milk are imported in large quantities; these imports have been increasing, both in total quantity and on a per capita basis.

Table 3.—*Imports of selected agricultural products into Cuba compared with total imports, averages 1935–39 to 1945–49, annual 1950–52*

[In thousands of dollars]

Product	1935–39	1940–44	1945–49	1950	1951	1952
Rice	8,600	20,886	43,699	52,427	59,180	46,600
Wheat	50	90	261	160	235	285
Wheat flour	5,158	6,177	17,901	14,278	16,752	13,865
Barley malt	681	774	2,470	2,333	2,730	3,623
Beans	876	1,635	6,153	5,535	7,662	10,199
Peas	144	226	701	366	522	724
Chickpeas	767	1,388	2,529	1,668	1,772	1,823
Potatoes	990	1,488	3,647	1,966	2,862	1,599
Onions	415	795	1,921	1,820	1,871	1,962
Garlic	247	508	1,347	1,298	1,145	1,207
Lard	3,694	7,721	16,540	17,324	25,102	21,052
Olive oil	1,320	179	1,315	1,891	6,229	2,099
Cotton, raw	494	1,709	3,770	5,994	4,443	4,942
Milk, canned	193	17	3,119	3,774	5,976	7,906
Total	23,629	43,593	105,373	110,834	136,481	117,886
Total imports	108,024	154,114	407,580	515,070	640,215	618,100

Source: Cuba, Ministerio de Hacienda, Dirección General de Estadística, *Comercio Exterior*, and U.S. Foreign Service reports.

The close ties between Cuba and the United States are constantly being reinforced by interchange of goods and services. Since the beginning of Cuban independence, in 1902, the United States has supplied the major part of Cuba's imports and taken the largest percentage of its exports. During World War II, when products from other areas of the world were not available, Cuba was even more dependent on the United States (table 4). In recent years Europe—notably the United Kingdom, Germany, and the Netherlands—has become more important to Cuban trade. Latin American countries, however, continue to play a minor role. Efforts are being made to facilitate the exchange of goods with European countries through bilateral payments agreements and other devices.

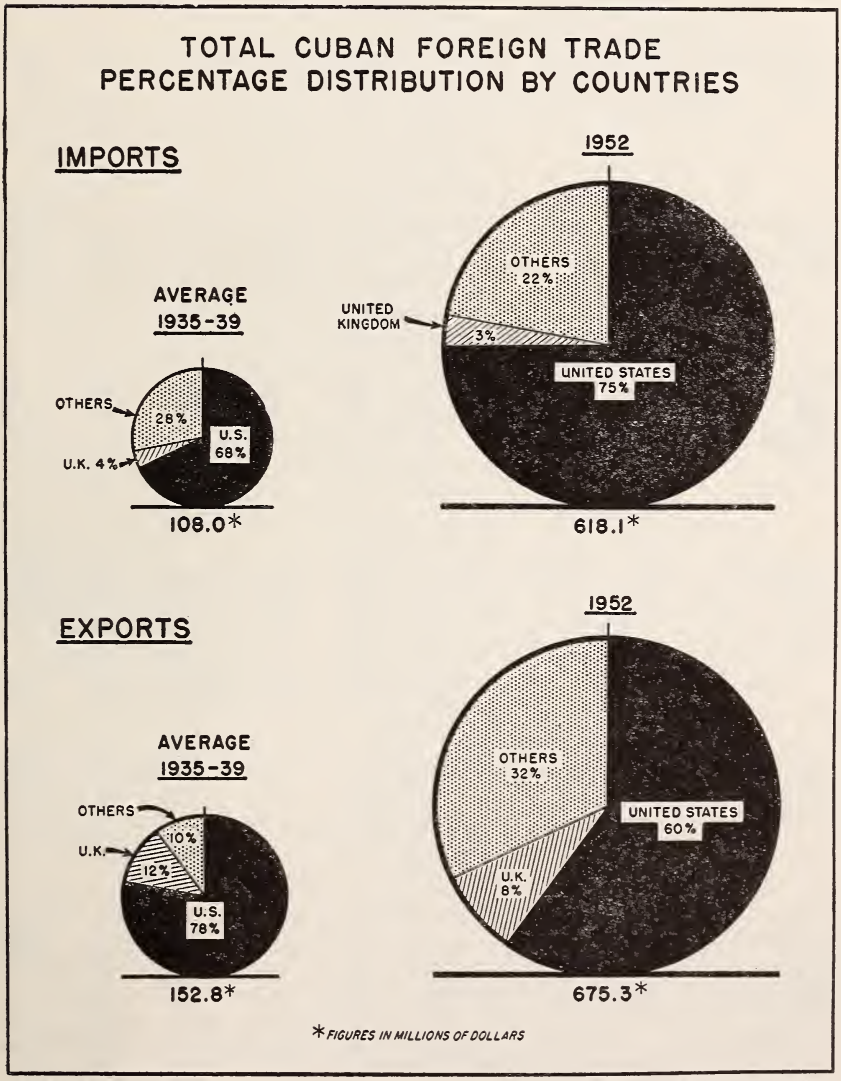

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TABLE 4.—*Imports of principal agricultural products into Cuba, by country of origin, average 1935–39 to 1945–49, annual 1950–52*

RICE, MILLED

[In thousands of pounds, except as noted]

Country	1935–39	1940–44	1945–49	1950	1951	1952 [1]
United States	121,369	314,544	377,483	645,088	630,896	471,502
Chile	-	9,306	3,906	65	1,829	-
Ecuador	-	40,775	28,018	-	-	118
Mexico	2	5,729	4,256	-	-	-
British India	49,418	2,337	-	-	-	-
Thailand	222,756	27,588	-	-	-	-
Other	89,044	12,309	13,112	128	8,117	1,415
Total	482,589	413,588	426,775	645,281	640,842	473,035
WHEAT [2]						
United States	31,489	70,930	102,253	64,607	63,963	166,678
Argentina	13,778	252	-	-	-	-
Canada	2	3,818	17,405	10,766	27,055	1,941,824
Other	6,700	40	135	-	780	1,494
Total	51,969	75,040	119,793	75,373	91,798	2,109,996
WHEAT FLOUR						
United States	201,840	254,400	334,467	220,344	243,350	215,429
Canada	600	3,975	10,570	95,100	91,644	48,583
Other	370	(3)	11	-	128	-
Total	202,810	258,375	345,048	315,444	335,122	264,012
BARLEY MALT [4]						
United States	35	229	495	421	484	703
Canada	68	182	325	474	493	661
Chile	195	154	238	150	181	238
Czechoslovakia	163	-	-	-	-	-
Hungary	47	2	-	-	-	-
Other	26	(5)	3	(5)	10	(5)
Total	534	567	1,061	1,045	1,168	1,602
RAW COTTON						
United States	4,415	5,533	8,692	13,658	10,665	11,309
Argentina	-	3,317	585	115	-	(3)
Brazil	-	2,227	2,382	-	-	-
Mexico	106	27	1,814	6,442	1,113	3,387
Peru	-	1,700	1,413	-	-	(3)
Other	7	193	15	241	15	114
Total	4,528	12,997	14,901	20,456	11,793	14,810
LARD						
United States	38,584	61,102	77,147	139,234	138,886	170,258
Argentina	50	6,901	159	-	-	-
Canada	5	(3)	59	38	21	182
Other	42	(3)	73	-	120	105
Total	38,681	68,003	77,438	139,272	139,027	170,545
OLIVE OIL						
United States	40	4	350	356	882	519
Spain	8,831	626	1,843	5,006	12,534	4,991
France	598	28	8	394	490	404
Italy	554	69	18	18	17	(3)
Portugal	455	612	-	131	73	-
Other	620	55	208	2,215	1,569	780
Total	11,098	1,394	2,426	8,120	15,565	6,694

See footnotes at end of table.

Table 4.—*Imports of principal agricultural products into Cuba, by country of origin, average 1935–39 to 1945–49, annual 1950–52*—Continued

CANNED MILK

[In thousands of pounds, except as noted]

Country	1935–39	1940–44	1945–49	1950	1951	1952[1]
United States	982	239	25,755	22,550	28,959	27,069
Canada	2		409	3,459	1,094	7,736
Denmark	8				106	
Netherlands	2,799	(3)	321	5,168	6,844	21,537
Other	17	(3)	20	2,652	6,246	42
Total	3,808	239	26,505	33,829	43,249	56,384

POTATOES

Country	1935–39	1940–44	1945–49	1950	1951	1952[1]
United States	51,990	40,962	91,948	88,190	73,590	77,749
Canada	26,348	17,395	17,974	10,495	34,058	17,996
Other	115	1	17	(3)	18	7,328
Total	78,453	58,358	110,139	98,685	107,666	103,073

GARLIC

Country	1935–39	1940–44	1945–49	1950	1951	1952[1]
United States	1,596	980	2,046	1,627	1,723	1,380
Argentina	11	593	548			91
Chile	4,575	4,730	5,796	3,648	2,859	5,355
Mexico	44	776	584	58	971	519
Spain	774	134	16	13	815	3,666
Other	648	121	2,274	11,055	8,192	2,105
Total	7,648	7,334	11,264	16,401	14,560	13,116

ONIONS

Country	1935–39	1940–44	1945–49	1950	1951	1952[1]
United States	21,062	20,085	32,814	43,024	43,093	39,034
Chile	241	1,181	1,275	1,248	1,482	1,344
Other	1,547	14	2,468	2,447	3,894	7,727
Total	22,850	21,280	36,557	46,719	48,469	48,105

BEANS

Country	1935–39	1940–44	1945–49	1950	1951	1952[1]
United States	8,189	18,067	34,360	61,501	81,255	106,900
Mexico	855	1,735	2,007	28	79	66
Chile	20,665	16,344	24,550	14,793	7,283	12,235
Argentina	88	28	1			(3)
Other	4,268	254	2,524	1,086	1,694	9,395
Total	34,065	36,428	63,442	77,408	90,311	128,596

CHICKPEAS

Country	1935–39	1940–44	1945–49	1950	1951	1952[1]
United States	1,633	8,050	4,298	2,922	3,074	1,499
Chile	474	742	20			(3)
Mexico	1,389	14,881	24,833	13,910	15,341	15,605
Other	12,772	4	391	70	97	1,750
Total	16,268	23,677	29,542	16,902	18,512	18,854

PEAS

Country	1935–39	1940–44	1945–49	1950	1951	1952[1]
United States	5,231	3,185	10,048	6,790	9,575	10,805
Chile	2	862	9			(3)
Mexico	82	97	227	295	107	315
Other	548	(3)	2	4	48	13
Total	5,863	4,144	10,286	7,089	9,730	11,133

[1] Preliminary. [2] In bushels. [3] Less than 500 pounds. [4] In 1,000 bushels. [5] Less than 500 bushels.

Source: Cuba, Ministerio de Hacienda, Dirección General de Estadística, *Comercio Exterior*, and U. S. Foreign Service reports.

Expanding agricultural production and increased sales at good prices have been instrumental in raising the standard of living in Cuba in recent years. Total crop production in Cuba in 1952 was 80 percent above that of the prewar years (excluding sugar, the increase was 50 percent), compared to a population rise of only 37 percent. Rough calculations indicate that per capita food intake was 7 percent higher in 1952 than it had been before the war. The average per capita supply of calories in 1951 has been estimated at 2,800, which compares favorably with that of other Latin American countries. The diet, however, is probably deficient in protein and other protective foods. Despite increased production, import quantities have been maintained and, in some cases, augmented (table 5).

TABLE 5.—*Production, net trade, and estimated domestic supply of principal agricultural products in Cuba, average 1935–39, annual 1952*

Product	1935–39			1952		
	Production	Net trade [1]	Estimated domestic supply	Production	Net trade [1]	Estimated domestic supply
Rice, milled .... 1,000,000 pounds	29	+483	512	167	+473	640
Corn .... 1,000 bushels	5,984	−150	5,834	6,000	−264	5,736
Wheat and wheat flour [2] .... do	----------	+4,656	4,656	----------	+6,062	6,062
Sugar, raw .... 1,000 short tons	3,128	−2,942	186	7,964	−5,515	[3] 2,449
Molasses, blackstrap .... 1,000,000 gallons	165	−160	5	398	−243	155
Potatoes .... 1,000 bushels	1,947	+1,279	3,226	3,821	+1,719	5,540
Beans .... 1,000,000 pounds	95	+34	129	46	+129	175
Lard .... do	6	+39	45	2	+171	173
Meat .... do	309	+7	316	410	+42	452
Milk .... do	1,010	+3	1,013	1,200	+188	1,388
Pineapples .... do	156	−117	39	194	−124	70
Tomatoes .... do	60	−49	11	85	−16	69
Tobacco .... do	48	−31	17	74	−46	28
Henequen .... do	32	−12	20	28	−11	17
Cotton [4] .... 1,000 pounds	----------	+4,528	4,528	----------	+14,810	14,810

[1] Imports +; exports −.
[2] In terms of grain.
[3] Includes retained quota.
[4] Commercial production of cotton in Cuba did not begin until 1953, when 700 bales were produced.

Source: Compiled by the Foreign Agricultural Service on the basis of information in *Comercio Exterior* (Cuba, Ministerio de Hacienda, Dirección General de Estadística) and U. S. Foreign Service reports.

Grains

Rice. Cuba is usually our best market for rice, the country's most popular food grain and its most valuable import item. The importance of that market is shown by the percentage of our total rice exports that go to it:

Marketing year:	*Percent*
Average:	
1940–41 to 1944–45	73
1945–46 to 1949–50	55
Annual:	
1950–51	77
1951–52	29
1952–53	36

But we have not always been an important supplier of rice to Cuba. Through the early 1930's Cuba obtained most of its rice from India and Burma and later on from Thailand. As a result of rising prices in the Far East and of the favorable tariff rates negotiated with the United States under the 1934 Trade Agreement, imports from the United States increased sharply in 1937. Finally, during the war, when shipments from the Far East were cut off, virtually all the Cuban market was transferred to United States farmers. Thus the percentage of rice imports supplied by the United States rose from 2.5 percent in 1936 to 98–99 percent in recent years. The percentage was 92 for 1952.

What competition the United States rice farmer will meet from Cuba in the future may be judged by a review of the conditions in the Cuban industry. Cuba itself is no stranger to rice production. It has grown rice for years; records show that as early as 1861 it was producing the grain commercially. Until the sugar industry made its dramatic expansion, Cuba with the use of slave labor produced enough rice to supply a goodly portion of the domestic requirements. Then production declined, until conditions imposed by World War II renewed the interest in expansion of rice acreage.

In the early years of the war the Cuban Government gave assistance to promote commercial rice production. It sponsored diversion dams; imported and distributed rice-farming machinery, including well-digging apparatus; and distributed free seed to small growers.

In the past few years Cuba has rapidly increased its rice production (table 6) and now supplies from 20 to 25 percent of its needs, compared to only 5 to 10 percent before World War II. The rice industry is well adapted to the pattern of Cuban agriculture, for it is most active when the sugar industry is not, and so provides employment in what would otherwise be a slack season. The increased output is partly the result of an expansion in rice acreage—new lands have been opened up in the Provinces of Oriente, Camagüey, and Pinar del Río—and partly the result of higher yields—relatively favorable returns in the past few years have enabled producers to improve their methods.

Table 6.—*Production of rice (rough) in Cuba, with acreage and yield per acre, average 1930–31 to 1934–35 through 1940–41 to 1944–45, annual 1945–46 to 1953–54*

Crop year	Acreage	Yield per acre	Production
Average:	*1,000 acres*	*Pounds*	*Million pounds*
1930–31 to 1934–35	36	1,153	41.5
1935–36 to 1939–40	45	958	43.1
1940–41 to 1944–45	69	1,035	71.4
Annual:			
1945–46	100	1,050	105.0
1946–47	105	1,048	110.0
1947–48	120	1,075	129.0
1948–49	123	1,098	135.0
1949–50	120	1,117	134.0
1950–51	135	1,326	179.0
1951–52	145	1,772	257.0
1952–53	156	1,776	277.0
1953–54	209	1,770	370.0

Source: Foreign Agricultural Service estimates based on official Cuban statistics and U. S. Foreign Service reports.

There are problems, however, standing in the way of developing rice into a major crop in Cuba in the near future. The distribution of rainfall is inadequate for rice during the crucial period of the growing season. To overcome this problem, some producers are resorting to irrigation. Water for several large plantations is pumped from wells and that for some other plantings is provided by stream diversion. But the large initial investment and the high cost of operation prevent most growers from sinking and operating deep wells, although adequate supplies of water can be found at depths of from 25 to 150 feet in most of the areas suited to rice production.

Expansion of rice acreage on the black and red soils of Cuba is restricted because it is on these soils that such important crops as sugarcane, vegetables, corn, and beans are grown. However, rice can be grown on the yellowish-black clay soil used for grazing but seldom used for crops. It is on this soil type that rice acreage is increasing.

Probably half of Cuba's rice is produced by small farmers, who use primitive methods of tilling the soil and sowing the seed. These farmers do not irrigate and they harvest and, in many instances, thresh the crop by hand. Even on some of the large plantations that are attempting to mechanize their operation, the harvesting is still done by hand. It is done so because 85 to 90 percent of Cuba's rice is the Honduras variety (*Zayas bazan*) that lodges when mature and consequently is not adaptable to mechanization. Despite this difficulty in harvesting, the Honduras variety continues to be a favorite with Cuban growers because it is hardy, high yielding, and suitable to the climate of Cuba. Recently a combine has been improved that promises to reduce the loss from the harvesting of this variety. The Honduras variety is a short-grain rice, and the Cuban consumer prefers the long-grain; as a result the American long-grain varieties Rexora, Patna, Bluebonnet, and Fortuna bring better prices on the local market.

The high cost of labor is one of the principal problems restricting expansion of rice production in Cuba. Mechanization is lowering production and milling costs of large operators but is too costly for medium-size producers, who are thus being slowly squeezed out of the industry. Small farmers who plant for their own or neighborhood use and whose families furnish most of the labor are, of course, not affected.

Although production of rice is increasing, it is still far short of demand. Consumption has been increasing since the war and is now believed to be about 600,000,000 pounds a year. This increase is attributed to the prosperity of the past few years and to the availability of high-quality rice at reasonable prices. The prospects are that imports will continue to make up a major part of the rice supply for some time.

Wheat. Wheat is not produced in Cuba, and until 1952 no flour was milled there. As a result, most of the wheat imported was in the form of flour and most of the flour came from the United States. When a flour mill began operating, in 1952, flour imports dropped sharply and wheat grain imports rose by more than 2,000,000 bushels. Of those grain imports, 92 percent were received from Canada. In 1953, flour imports continued to decline and wheat imports to rise (they were more than 900,000 bushels larger than in the preceding year); but that year the United States had a larger share of Cuba's total wheat grain imports, supplying about 45 percent.

Cuba is a member of the International Wheat Agreement with a quota for the 1953–54 year of 7,422,000 bushels. Of this quota the Cuban Government has allotted 2,900,000 bushels of wheat grain to the new flour mill. During the quota year 1951–52, flour imports represented almost 85 percent of the total imports (on a wheat-grain equivalent) compared to more than 98 percent the preceding year and an estimated 64 percent the following year. The annual market for flour in Cuba can be expected to be reduced by about 125,000,000 pounds—the amount of flour produced from the grain allocated to the new mill.

Total demand for flour in Cuba is expected to be maintained over the next few years, but part of the imports will be made in the form of grain. Thus far Canada has been able to compete successfully for a major part of the grain trade.

Corn. Corn is Cuba's most widely cultivated crop, next to sugarcane, and, with the exception of rice, it is the only grain crop commercially produced. It is an important basic commodity for both food and feed. Generally about 60 percent of an estimated disappearance of 5,750,000 bushels is used for food directly, largely by rural low-income groups. But that percentage tends to drop during periods of prosperity, when these groups can afford to buy rice or wheat flour.

Cuba is almost entirely self-sufficient in corn; small imports or exports are made from time to time, depending on the relation between domestic production and consumption. Imports in 1952, all from the United States, amounted to 529,000 pounds; and exports that year reached 20,000,000 pounds, going mostly to Puerto Rico.

For several years before 1952 the Government stimulated the production of corn by guaranteeing a purchase price to producers of \$2.85 per quintal (100 pounds). Under this program the Banco de Fomento Agrícola e Industrial de Cuba purchased a large quantity of corn from the 1951 crop. The price guarantee was not made on the 1952 crop.

Three groups produce Cuba's corn. The first and the most important as far as production in general is concerned are the small farmers, who plant for their own use and do their own work, mostly by hand. The second includes the small commercial producers, whose crops are not large enough to make mechanization practicable. The third group is made up of the comparatively small number of prosperous commercial producers, whose operations are mechanized.

Pulses

Consumption of pulses in Cuba has been increasing steadily since the war; at the present time, 215,000,000 pounds are eaten annually—a third more than before the war. Domestic beans—more than half of them black beans—generally make up about 45 percent of the pulses consumed. Largest users of black beans in Cuba are people living in rural areas and those in urban low-income groups. People in rural areas are also fairly heavy consumers of red, pink, and white beans. People living in urban centers, with higher living standards, use large amounts of imported beans and also consume greater quantities of other staples.

Cubans have been expressing a preference for imported beans that, with increasing consumption and lagging production, has given rise to the larger imports of recent years, mostly from the United States. In 1952, for instance, bean imports—an estimated 129,000,000 pounds—were almost four times those of prewar years, and nearly all came from the United States. Whereas the United States supplied only one-quarter of Cuba's edible dry bean imports in prewar years, it supplied 83 percent in 1952. On the other hand, Chile's share dropped from 60 percent to 9.5 percent. Mexico remained the chief source of chickpeas.

Root Crops

White potatoes have become increasingly popular in Cuba in recent years. Although production has almost doubled since prewar years, imports have increased. The 78,000,000 pounds imported in the earlier period accounted for 40 percent of supply; the increased imports of 103,000,000 pounds in 1952 represented only 30 percent of supply. Most of Cuba's potato imports are supplied by the United States.

Commercial potato production is centered in southern Habana Province, although some potatoes are produced throughout the island. Only imported seed is planted; locally produced seed is unsatisfactory because it is not disease resistant and because storage conditions are not suitable. Seed potatoes are imported from northern United States and from Canada. They enter the country—between September 1 and January 31—free of duty if they are certified seed but are subject to certain other taxes and charges.

Since potatoes can be produced only during the winter months because of the climate and can be stored only with difficulty, there probably will continue to be a demand for imported potatoes for food during the late summer and fall. The demand for seed potatoes, fertilizer, and spray materials will probably increase.

Cuba also produces large quantities of the other root crops—yams, sweetpotatoes, yuca, malanga, and others. Output totals from 1,000,000,000 to 1,100,000,000 pounds a year and meets Cuba's needs. These root crops, together with white potatoes, furnish about 9 percent of the calories consumed by the Cubans.

Fats and Oils

Cuba is a large consumer of fats and oils, most of which are imported edible products. Of the estimated 231,000,000 pounds of fats and oils consumed in 1951, edible fats made up 78 percent; the balance was composed of inedible tallow and grease and some coconut oil (table 7). Practically all of the most widely used fats—lard and rendered pork fat—are imported from the United States.

TABLE 7.—*Production, imports, and consumption of fats and oils in Cuba, 1951*

[In millions of pounds]

Product	Production	Imports	Consumption
Vegetable fats and oils:			
Edible	2.1	30.7	32.8
Inedible (for soap)		5.1	5.1
Lard and rendered pork fat	2.0	139.6	141.6
Butter, fresh and processed	3.2	2.0	5.2
Tallow and grease:			
Edible		.3	.3
Inedible	10.0	36.4	46.4
Total	17.3	214.1	231.4

Source: U. S. Foreign Service reports.

Commercial production of lard in Cuba averaged about 1,000,000 pounds prior to World War II, but decreased to almost nothing in

1950. Estimated total production was 2,000,000 pounds in that year, only one-third of the prewar output and one-fifth of the record production of 1947 and 1948.

Production of inedible tallow and grease is estimated at about 10,000,000 pounds.

Local production of vegetable oil consists almost entirely of peanut oil. Small quantities of castorbeans and cotton are grown but peanuts are the only plants now being produced commercially for oil. Farmers have found it more profitable to raise other crops, and crushers have frequently gone into the oil-importing business because of competition from imported oils. The Government has made some effort in the past several years to stimulate production of oil crops, but the trend has been downward. Production of peanuts during the 1951-52 crop year, for example, was estimated at only 8,500,000 pounds compared to 17,500,000 in 1949-50 and 58,000,000 in 1946–47. About 5,600,000 pounds of peanuts from the 1951–52 crop were crushed for oil, yielding 1,500,000 pounds compared to 12,000,000 pounds in 1946–47. The outlook for Cuban peanut production is not encouraging.

Cotton

Consumption of raw cotton in Cuba reached a peak of more than 20,000,000 pounds in 1950, which was four times higher than the prewar average, but dropped back in 1952 to just under 15,000,000 pounds; all of this cotton was imported, most of it from the United States. The outlook for imports in the immediate future, as in the past, depends largely upon general business conditions.

From time to time experiments have been made to produce cotton in Cuba, but so far they have had little success. Recently a large textile company started growing cotton under irrigation in the southern part of the Province of Pinar del Río. This undertaking is still in the experimental stage, and it is too early to predict the success of the venture. In 1952–53 the company produced an estimated 700 bales out of a total supply for the country of 25,000 bales. Additional acreage was planted for harvest in early 1954.

Fruits and Vegetables

Cuba produces a large quantity and a great variety of fruits and vegetables, several of which are exported—pineapples, bananas, avocados, some citrus, and tomatoes and other fresh vegetables. Nevertheless, lemons and Temperate Zone fruits are imported, as well as canned fruits and vegetables. Nearly all of the trade, on both the export and import side, is with the United States.

Cuba's principal export vegetable is tomatoes and its principal export fruit is pineapples, followed by bananas, avocados, and grapefruit. In 1952, total value of exports of tomatoes was $476,000 and of the four fruits, $1,700,000, more than three-fourths of which was for fresh pineapples.

In 1952 the United States took fruit and preparations from Cuba valued at $4,000,000 and sent in return more than $9,000,000 worth. In that year, too, the United States took almost $2,000,000 worth of vegetables, and sent to Cuba $21,000,000 worth of vegetables and preparations, about 60 percent of which was accounted for by dried beans and potatoes.

Fruits. In 1951, $10,000,000 of the $11,000,000 worth of fresh, dried, and processed fruit imported into Cuba came from the United States. The fresh fruit consisted of lemons, apples, pears, and grapes; the canned fruit consisted of peaches, pears, plums, and juice (table 8). Imported canned fruit is for the city trade, and its sale depends on general business conditions rather than on competition from other fruits.

TABLE 8.—*Imports of fruit and fruit juices into Cuba, from the United States and other countries, 1952*

Product	United States	Other countries	Total
Fresh fruit:			
Lemons ... 1,000 pounds	56	----------	56
Apples ... do	12,556	249	12,805
Pears ... do	2,862	----------	2,862
Grapes ... do	6,530	----------	6,530
Canned fruit:			
Peaches ... do	1,201	----------	1,201
Pears ... do	1,672	----------	1,672
Plums ... do	112	----------	112
Fruit juices:			
Apple ... 1,000 gallons	173	1	174
Pear ... do	2,888	20	2,908
Grape ... do	26	30	56

Source: Cuba, Ministerio de Hacienda, Dirección General de Estadística, *Comercio Exterior.*

Cuba's big export fruit crop—pineapples—is not enjoying as large a market in the United States as it did during the early postwar years; as a result of this factor, plus unfavorable weather, domestic production has dropped more than half since the peak year 1948 (table 9).

TABLE 9.—*Pineapple production, exports, and consumption in Cuba, average 1935–39 and 1940–44, annnal 1945–53*

[In millions of pounds]

Calendar year	Production [1]	Estimated domestic consumption	Exports[1]
Average:			
1935–39	156	39	117
1940–44	209	52	157
Annual:			
1945	216	32	184
1946	352	53	299
1947	350	70	280
1948	382	70	312
1949	317	50	267
1950	215	40	175
1951	219	40	179
1952	194	70	124
1953	180	50	130

[1] Fresh and preserved, fresh pineapple equivalent.

Source: Foreign Agricultural Service estimates based on official Cuban statistics and U. S. Foreign Service reports.

Before World War II Cuba produced an average of 156,000,000 pounds of pineapples a year, more than half of which were exported as fresh fruit. By the end of the war growing interest in the cultivation of pineapples had resulted in an increase in acreage and a rise in land values. Costs of production were almost double those of prewar years and were increasing when, in 1949, United States demand for the fruit began to decline and output began to drop.

Johnson, or Gros Michel, bananas at one time ranked fourth in value among Cuban exports. Exports valued at $3,400,000 reached a peak of 7,500,000 stems (of 50 pounds) in 1937 but since that time have declined steadily, until in 1951 they stood at only 91,000 stems valued at $82,000. Smaller foreign demand did not figure so prominently in this drop as it did in that of pineapples; instead, the Panama and sigatoka diseases, drought conditions in 1948–49, and relatively high costs of production were to blame.

More than 20 varieties of bananas are produced in Cuba for both export and domestic use. For fresh consumption the Johnson is the most important, and for cooking the Macho plantain is preferred. According to the Cuban Agricultural Census of 1946, 52,333 acres were devoted to bananas in 1945. Of this acreage 69 percent was given to Johnson bananas, but by 1950 that percentage was only 48.

Among the many food products native to the Americas is the avocado. Cuba, which in 1951 produced an estimated 60 million pounds of avocados, is reputed to have the world's largest per capita consumption of that fruit. Exports of avocados have fluctuated widely since they were first reported in 1928. The peak was reached in 1930, with shipments of about 14,000,000 pounds. Most of Cuba's shipments of avocados to the United States are made during July and August, before the bulk of the Florida and California crops is on the market.

Cuba is well suited to the culture of citrus fruits, but is not yet an outstanding exporter of the fruits. Production is sufficient for local needs, and some expansion has taken place over the past few years (table 10) because of increasing demands on the domestic market. Grapefruits are grown throughout the Cuban mainland but commercial production is centered on the Isle of Pines, which supplies the fruit for export. Oranges also grow throughout Cuba, the Province of Camagüey being the leading producer. Commercial production of limes is limited, although the fruit is quite widely used domestically. Foreign trade in citrus usually consists of exports of grapefruit and imports of lemons and limes. Availability of Cuban limes on the domestic market largely determines the quantity of limes and lemons imported.

TABLE 10.—*Production of citrus fruit in Cuba, average 1935–36 to 1939–40 through 1940–41 to 1944–45, annual 1945–46 to 1952–53*

[In thousands of boxes]

Crop year	Grapefruit	Oranges	Limes [1]
Average:			
1935–36 to 1939–40	375	1,050	(2)
1940–41 to 1944–45	244	1,170	(2)
Annual:			
1945–46	90	1,125	(2)
1946–47	150	1,175	110
1947–48	130	1,200	80
1948–49	150	1,250	120
1949–50	170	1,250	110
1950–51	190	1,500	120
1951–52	230	1,750	110
1952–53	250	2,000	----------

[1] Boxes of 500 limes each.

[2] No basis for estimating.

Source: Foreign Agricultural Service estimates based on official Cuban statistics and U. S. Foreign Service reports.

Various other fruits that thrive in a tropical climate are grown in Cuba, but few of these fruits are exported because they are too perishable to be transported.

Vegetables. The production of vegetables for marketing in the United States during the winter is an important industry in western Cuba and the northern part of the Isle of Pines, providing income for many small farmers and furnishing employment in the packing and marketing of the crops. The most important of these vegetables are tomatoes, cucumbers, peppers, eggplant, and okra.

Tomatoes rank first, accounting for more than half of the winter vegetable exports by both volume and value. Most of the tomatoes are sent to the United States, from December to April. Early tomatoes come from Pinar del Río, the next crop comes from the area southeast of Habana, and late tomatoes are grown in Las Villas and western Camagüey. The 1951–52 crop was grown on an estimated 25,000 acres and totaled about 85,000,000 pounds.

In addition to its vegetables for export, Cuba produces a variety for local consumption, including beans, squash, yams, onions, some garlic, and cabbage.

Cuba also imports vegetables, both fresh and canned, largely from the United States. Besides dry beans and potatoes, imports consist of onions, garlic, green peas, lettuce, celery, and tomatoes out of season. In addition, a variety of canned and processed vegetables is imported. Imports in 1951 were as follows, in thousands of dollars:

	Total	From United States
Fresh vegetables [1]	3, 016	2, 263
Canned and processed vegetables	4, 227	3, 498

[1] See table 4 for imports of potatoes.

Livestock and Livestock Products

The livestock industry is one of the most important branches of Cuban agriculture; in 1951 livestock products accounted for 22 percent of gross farm income and would have accounted for more had the price of live cattle not been officially frozen at the low price of 12 cents a pound. Still, dairy products and processed pork are imported in large quantities; the United States supplies much of these imports. Cuba is by far the best market for meat that the United States has; exports to Cuba in 1953 made up 18 percent of all meat and 28 percent of the pork shipped to all countries.

Dairying—one of the first five industries of Cuba—is particularly important. Almost 60 percent of the country's 160,000 farms produce some milk and about 2,000 are specialized dairy farms. In 1951, milk and milk products made up about a quarter, by volume, and around 7 percent, caloriewise, of the average Cuban diet.

Most of the milk is consumed fresh or in the form of homemade butter and cheese. The remainder—about 20 percent—goes into the manufacture of condensed and evaporated milk, cheese, butter, and powdered milk (table 11) but is not enough to meet demand, and substantial quantities of condensed and evaporated milk, sizable amounts of butter and cheese, and some fresh milk, powdered milk, cream, and other milk products are imported.

Table 11.—*Production of fresh milk and commercially manufactured dairy products in Cuba, average 1935–39 and 1940–44, annual 1945–52*

[In million of pounds, except as noted]

Calendar year	Fresh milk	Canned milk [1]	Butter	Cheese	Dried skim milk
Average:					
1935–39	1,010	560	4.5	[2] 3.3	[3] 0.2
1940–44	1,140	956	4.3	4.9	.3
Annual:					
1945	927	575	2.0	5.5	.1
1946	1,000	684	2.5	6.0	.1
1947	1,100	747	2.5	7.0	.1
1948	1,100	693	2.6	6.9	.2
1949	1,200	1,071	3.3	5.2	.2
1950	1,210	1,172	2.8	5.4	.7
1951	1,200	1,076	3.2	5.1	1.3
1952	1,200	1,220	3.2	5.1	2.1

[1] In thousands of cases. Mostly condensed milk but includes evaporated milk as follows: Small unknown amounts in 1935–47; 19,000 cases in 1948; 30,000 cases in 1949. A case of condensed milk contains 48 cans of 14 ounces each; a case of evaporated milk, 48 cans of 14½ ounces each.

[2] 3-year average.

[3] 2-year average.

Source: Foreign Agricultural Service estimates based on official Cuban statistics and U. S. Foreign Service reports.

The United States usually supplies most of the evaporated milk imports. In 1952, however, its share dropped from the 90 percent of the total it had enjoyed in 1951 to just under 70 percent. Part of the market was lost to Canada and part of it to the Netherlands, which in recent years has also been competing strongly for the Cuban market for condensed milk. In 1952, for example, the Netherlands furnished 62 percent, compared to 34 percent by the United States, as the following figures show:

Product and source	1952	1953
Evaporated milk:	*1,000 pounds*	*1,000 pounds*
United States	16,443	12,833
Canada	6,308	1,479
Netherlands	2,175	0
Others	0	2,131
Total	24,926	16,443
Condensed milk:		
United States	10,626	9,576
Netherlands	19,362	8,148
Others	1,470	1,764
Total	31,458	19,488

In the past few years, too, the Netherlands has been the major source of cheese, and Denmark has been the principal source of butter. During 1953, foreign countries found in Cuba a smaller market for all their dairy products except powdered skim milk, for in that year pastures in Cuba were exceptionally good and milk production exceptionally high.

Beef production in Cuba—385,000,000 pounds in 1952—is usually almost sufficient to meet local requirements and provide a per capita supply of about 70 pounds per year. In Cuba, 90 percent of the beef consumed is eaten as fresh meat and 10 percent as jerked beef. Imports consist largely of jerked beef, most of which comes from Uruguay.

Hog slaughter usually furnishes sufficient meat for domestic requirements of fresh pork, but fails to meet the demand for bacon, salted pork, hams, and other processed pork, which has increased markedly since before the war. Imports of these products—mostly from the United States—rose from 6,000,000 pounds before the war to 34,000,000 pounds in 1952.

The cattle industry of Cuba is centered in the three eastern Provinces—Oriente, Camagüey, and Las Villas—an area of flat grassland similar to northern Texas. For many years cattle numbers increased steadily until at the end of 1940 they stood at 5,300,000 head. But by the end of the war they totaled only about 4,000,000 because of the severe droughts of the war years and the excessive slaughter caused by increased domestic demand. In 1952 they were back up to an estimated 4,500,000. The Government has a declared policy to support and encourage the cattle industry. The most widely known breeds of animals in the United States, including the Santa Gertrudis, are allowed duty-free entry when imported for breeding purposes. Dual-purpose cattle are much favored by cattlemen and, of the estimated 1,700,000 cows in Cuba as of January 1, 1951, approximately 60 percent were either dual-purpose or dairy stock. Milk output of native cows has been somewhat improved through cross-breeding. Beef cattle are predominately a cross between criollo and Brahman stock. Possibilities exist for further improvement in both dairy and beef cattle through breeding and better feeding and handling.

Range grass provides most of the feed for cattle. Guinea grass and Paraná grass are the two most important types, and provide ample pasturage during the rainy season. Cattle are said to gain between 200 and 500 pounds during this time, but, during the dry season in spring, cattlemen consider themselves fortunate if cattle hold their weights without loss. Some improved pastures are maintained for finishing cattle for market, and in rare instances cattle are finished on sugarcane, sorghum, and molasses, but never on corn. The cost of corn relative to the price of cattle is too high to permit grain fattening. For the island as a whole, slaughter weights for cattle average about 800 pounds.

Hog production and slaughter in Cuba fluctuate little from year to year and are not likely to change in the immediate future. There are no practicable means of estimating the number of hogs produced and slaughtered, but members of the trade believe that commercial slaughter may approximate 235,000 head annually. Since changes in domestic supply are slight, prospects for continued imports of processed pork depend on purchasing power within Cuba. In that market the United States must compete with the Netherlands and to a lesser extent with Canada, as is shown by the 1952 import data given on page 19.

The Cuban market for dairy products from the United States, on the other hand, is influenced not only by competition from other suppliers, such as the Netherlands, Denmark, and Canada, but by an expanding dairy industry in Cuba.

Product and source	Quantity
	1,000 pounds
Salted pork:	
United States	9, 687
Canada	46
Total	9, 733
Bacon, salted or smoked:	
United States	19, 684
Canada	11
Netherlands	58
Other	3
Total	19, 756
Hams, cured or smoked:	
United States	1, 685
Denmark	----------
Netherlands	18
Other	13
Total	1, 716
Hams, cooked:	
United States	842
Denmark	13
Netherlands	63
Other	38
Total	956
Other prepared hams:	
United States	733
Denmark	2
Netherlands	48
Other	34
Total	817

Beverages

Coffee was imported into Cuba before 1931 and exported from 1932 to 1945. Now, however, both imports and exports are prohibited. Production has fluctuated over recent years, reaching a peak of 653,000 bags (of 60 kilograms) in 1949–50 and dropping back to an estimated 529,000 bags in 1953–54. As an incentive to supply increasing local demand the Cuban Government maintains a minimum price to growers. It also sets a maximum price to consumers.

Planting of coffee trees has increased somewhat over the past few years, but the lack of adequate primary and secondary roads into the principal producing areas in the Provinces of Oriente, Las Villas, and Pinar del Río stands in the way of greatly expanded planting.

Cacao beans and products are imported into Cuba in varying amounts and exported in some years. Production—6,500,000 pounds—is now nearly twice the prewar average but only a little over two-thirds of the peak reached in the mid-1920's.

All of the cacao acreage is concentrated in Oriente, which has additional well-drained land of the type required by cacao. Possibilities for expanding production, however, face the same handicap as those for coffee, plus the fact that the principal producers are small farmers who must be financed by merchants who invest in the crop only in proportion to their expectations to benefit from the season's output.

Means of Payment for Imports

How much a country can buy from other countries depends on how many goods and services it can sell to others. The most important product Cuba has to offer in the world market is sugar.

Sugar and its derivatives account for almost 90 percent of total export value (table 12) and for 30 to 40 percent of the national income. The sustained demand for these products in the United States, the principal market, has helped to maintain for Cuba a so-called favorable balance of trade. Since Cuba became an independent Republic, in 1902, the value of its merchandise exports has been sufficient to pay for its imports. In fact, the dominant influence on imports, as well as on national income, is the fluctuation in the international sugar market.

A recent statistical analysis shows that the time lag between changes in exports and imports is as little as a month. In every year except 1907 and 1921 the balance of Cuba's merchandise trade has been positive (table 13). Before 1925 the positive merchandise balance was generally large enough to pay for such services as freight charges, insurance, and immigrant remittances. From 1925 through the early 1930's this was not true, but the negative balance on current account was made up by a net capital inflow.

TABLE 12.—*Exports of selected agricultural products from Cuba, compared with total exports, averages 1935–39 to 1945–49, annual 1950–52*

[In thousands of dollars]

Product	1935–39	1940–44	1945–49	1950	1951	1952
Sugar:						
Raw	87, 400	131, 600	381, 800	477, 953	543, 105	466, 423
Refined	19, 709	25, 980	71, 690	73, 310	88, 411	71, 534
Molasses:						
Blackstrap	7, 224	8, 544	22, 032	12, 733	37, 339	35, 442
Invert	4, 082	23, 392	1, 149	430	536	688
Sirup, invert	733	547	787	2, 906	2, 780	3, 560
Tobacco, unmanufactured	10, 702	18, 722	32, 600	26, 550	33, 414	35, 073
Bananas	2, 171	1, 288	2, 060	275	82	45
Avocados	104	78	116	226	189	94
Grapefruit	126	163	61	57	85	100
Pineapples, fresh	703	769	1, 644	1, 198	833	848
Tomatoes	598	541	1, 050	615	847	476
Cucumbers	48	40	108	225	322	268
Eggplant	85	51	45	35	83	75
Henequen	513	559	1, 375	2, 007	4, 811	2, 035
Total	134, 198	212, 274	516, 517	598, 520	712, 837	616, 661
Total exports	151, 859	261, 161	584, 112	642, 049	766, 140	675, 300

Source: Cuba, Ministerio de Hacienda, Dirección General de Estadística, *Comercio Exterior*, and U. S. Foreign Service reports.

The positive balance on current account during the depression years of the 1930's was due to the prompt response of imports to the declining value of sugar exports. During the war and postwar period, positive current account balances have been maintained by the high value of sugar exports. Cuba's secondary export items—tobacco, henequen, fruits, and vegetables [1]—have enjoyed no significant increase in sales abroad; therefore any attempt to analyze future demand for imports into Cuba must take into account the prospects for the Cuban sugar industry.

Sugar

During the two big wars of this century sugar was in great demand throughout the world, but during the depression years of the 1930's and again at the present time sugar is one of the surplus products on the world market. If production shifts do not occur or controls are not exercised, a wider market for sugar must be found to maintain a prosperous economy in Cuba and other sugar-exporting countries.

The most important factor influencing demand appears to be fluctuation in income. Studies in the United States lead to the conclusion that per capita consumption of sugar is not increasing substantially and that fluctuations in price have little effect on level of consumption. Per capita consumption in the United States, however, is much higher than that in other parts of the world. The continent of Asia, for example, accounting for more than 50 percent of the world's people, in 1952–53 consumed only 16 percent of the world sugar output; whereas the United States with 6.3 percent of the population consumed 23 percent. An effective demand for sugar from the other areas of the world, however, can come only if purchasing power in those areas expands significantly. Raw sugar, however, is not only a basic foodstuff but also a raw material for many byproducts, the demand for which may be more elastic than for sugar itself.

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[1] Since the imports of fruits and vegetables outweigh the value of exports, these commodities have been discussed in the preceding section.

TABLE 13.—*Merchandise trade balance of Cuba, 1902 to 1952*

[In millions of dollars]

Year	Imports	Exports	Balance	Year	Imports	Exports	Balance
1902	60.6	64.3	+3.7	1927	257.4	324.4	+67.0
1903	63.5	77.3	+13.8	1928	212.8	278.1	+65.3
1904	77.0	89.0	+12.0	1929	216.2	272.4	+56.2
1905	95.0	110.2	+15.2	1930	162.5	167.4	+4.9
1906	98.0	103.9	+5.9	1931	80.1	118.9	+38.8
1907	104.5	104.2	−.3	1932	51.0	80.7	+29.7
1908	85.2	94.6	+9.4	1933	42.4	84.4	+42.0
1909	91.4	124.7	+33.3	1934	73.4	107.7	+34.3
1910	103.7	150.8	+47.1	1935	95.5	128.0	+32.5
1911	113.1	122.9	+9.8	1936	103.2	154.8	+51.6
1912	123.2	173.0	+49.8	1937	129.6	186.1	+56.5
1913	140.1	164.6	+24.5	1938	106.0	142.7	+36.7
1914	118.2	174.0	+55.8	1939	105.9	147.7	+41.8
1915	140.9	236.2	+95.3	1940	103.9	127.3	+23.4
1916	216.0	321.8	+105.8	1941	133.9	211.5	+77.6
1917	256.1	356.4	+100.3	1942	146.7	182.4	+35.7
1918	294.6	408.4	+113.8	1943	177.4	351.5	+174.1
1919	356.6	574.6	+218.0	1944	208.6	433.1	+224.5
1920	557.0	794.0	+237.0	1945	238.9	409.9	+171.0
1921	354.4	279.8	−74.6	1946	300.2	475.9	+175.7
1922	180.3	327.7	+147.4	1947	519.9	746.6	+226.7
1923	268.8	422.6	+153.8	1948	527.5	709.9	+182.4
1924	289.8	434.9	+145.1	1949	451.4	578.3	+126.9
1925	297.3	354.0	+56.7	1950	515.1	642.0	+126.9
1926	260.8	301.7	+40.9	1951	640.2	766.1	+125.9
				1952	618.1	675.3	+57.2

Source: Cuba, Ministerio de Hacienda, Dirección General de Estadística, *Comercio Exterior, 1950–51*, and *Boletín de Estadísticas*, v. 8, No. 4.

In addition to the demand factors, Cuba's ability to dispose of its sugar is influenced by increased production in other exporting countries as well as in importing countries that are striving to become self-sufficient.

Cuba is of course especially interested in the world sugar market, since it is the world's largest producer (supplying one-fifth of the world total) as well as its biggest exporter of sugar. Cuba also leads in production and export of blackstrap molasses, and produces huge quantities of sirup and high-test molasses.

Cuban sugar production has been increasing steadily since the beginning of the 19th century, with the exception of the period of the War of Cuban Independence, 1898–1900. The year 1902 marked the renewal of the upward trend that has continued with only minor interruptions. The crop harvested in 1952 was the largest on record (table 14), as was the planted area; but the average sucrose content of the cane was below that of a year earlier. An announcement by the Government, about the middle of the 1952 grinding season, that production for the 1953 harvest would be limited encouraged mills to continue grinding past their usual cutoff date in order to establish a more favorable production base for the coming year.

Increasing sugar acreage over the past several years is attributed to the competitive advantage that Cuba has in the production of sugar. That advantage arises partly from climatic factors, including the timing of the rainfall (which greatly affects the sucrose content of the cane), and partly from the ready access Cuba has to the good sugar market in the United States. Recently the expansion in sugar acreage has been stepped up by the maintenance of high prices and other efforts of the Government to strengthen Cuba's international position as a sugar producer.

TABLE 14.—*Production of sugar (raw value) in Cuba, with acreage and yield per acre, average 1919–20 to 1923–24 through 1939–40 to 1943–44, annual 1944–45 to 1953–54*

Crop year	Acreage harvested	Yield per acre	Production
	1,000 acres	*Short tons*	*1,000 short tons*
Average:			
1919–20 to 1923–24	1, 966	2. 25	4, 421
1924–25 to 1928–29	2, 442	2. 22	5, 413
1929–30 to 1933–34	1, 638	2. 03	3, 331
1934–35 to 1938–39	1, 710	1. 38	3, 128
1939–40 to 1943–44	1, 962	2. 11	4, 138
Annual:			
1944–45	2, 343	1. 67	3, 924
1945–46	2, 517	1. 78	4, 476
1946–47	2, 774	2. 32	6, 448
1947–48	2, 915	2. 29	6, 675
1948–49	2, 939	1. 96	5, 763
1949–50	2, 948	2. 08	6, 127
1950–51	3, 048	2. 08	6, 349
1951–52	3, 521	2. 26	7, 964
1952–53	2, 576	2. 20	5, 687
1953–54	[1]	[1]	5, 396

[1] Not available.

Source: Foreign Agricultural Service estimates based on official Cuban statistics and U. S. Foreign Service reports.

Of Cuba's total cane acreage, only an estimated 1 or 2 percent is irrigated and only about 10 percent is fertilized, although use of commercial fertilizers on sugar plantations increased greatly during the war years. Most of the fertilizer is used in the western Provinces; little is used on the heavier soils of eastern Cuba.

Over the years, considerable change has taken place in Cuba's sugar industry—in the ownership pattern, for example. In 1926 United States nationals owned 77 of the 176 active mills, producing 62.7 percent of the sugar; in 1952 United States interests owned only 41 of the 161 mills, producing 43.3 percent of the sugar, and Cubans owned the rest. A few years ago French, Dutch, Spanish, Canadian, and English nationals also owned operating mills.

Another significant change in the Cuban sugar industry is the method of determining wages for sugar workers. By Decree No. 117 of 1945 the wages of industrial workers were increased by 20 percent above the rates paid during 1944; furthermore, the decree provided that an additional increase would be granted amounting to one-half of 1 percent for every hundredth of a cent increase in the price (f. o. b. Cuban ports) of sugar above 3 cents per pound. Thus wages in 1945 were 25 percent above those in 1944.

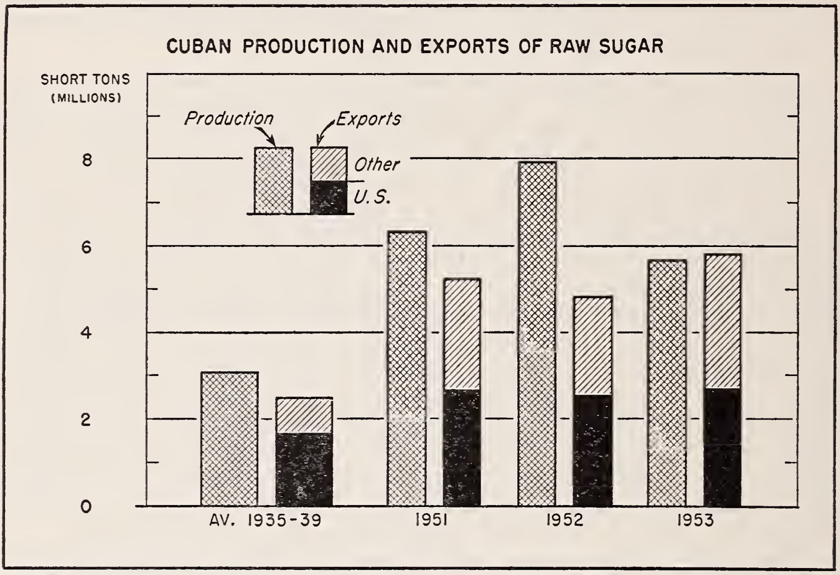
The wages of agricultural workers were set under the Sugar Coordination Act of 1937, in relation to an officially determined average price of sugar (the promedio). The new legislation did not change the general method of determining wages for these workers but provided an increase of 10 percent above the 1944 level. For the 1945 harvest this 10 percent, plus the increase resulting from the higher promedio that year, yielded a raise in wages of slightly more than 14 percent. The 1945 legislation was extended in substantially the same form to cover wages for the 1946 and 1947 crops so that wages rose with the price of sugar for those years.

For the following three crops, however, the average price for sugar was below the 1947 price. As a result of pressure from labor groups, wages and fringe benefits for both industrial and agricultural workers continued to be based on the 1947 prices, rather than falling with the price of sugar. For the 1950 crop, all sugar mills were required to give their seasonal workers an additional compensation amounting to at least 6 days' regular pay. Mills having a higher daily average sugar output than in 1949 (so-called intensive production or superproduction) were required also to give extra compensation to their workers. For the 1951 harvest, workers received about 7.5 percent more than in 1950 because of the continuation of the superproduction payments and of an increase in the price of sugar. Since the average price for the 1952 crop was well below the 1947 figure, no increase in sugar wages occurred in 1952. In January 1953, the Government intervened between labor and management to determine the provisional wage for the 1953 crop. Because of lower prices for sugar and the unsteady world market, the wage base was set at 4.70 cents per pound instead of the 4.96 that had served as a base since 1947.

The trend of Cuban sugar prices has been upward over the past 10 years. The crops from 1942 through 1947 were purchased under a global contract by the Commodity Credit Corporation of the United States. The 1942–44 crops were purchased at a price of 2.65 cents, f. o. b. Cuba (per pound of raw sugar—96° polarization), which was the equivalent of the United States ceiling price, New York basis, less duty and freight. As a result of the operation of the so-called escalator clause, which tied the price paid for sugar to the cost of living and cost of food indices in the United States, the f. o. b. basic prices in 1945, 1946, and 1947 were 3.10, 4.18, and 4.9625 cents, respectively. The 1948 crop was not sold under global contract, although the Commodity Credit Corporation did purchase more than a million tons of sugar that year. A record crop resulted in some decline in price. The 1949 and 1950 prices did not reach the 1947 level but, in 1951, prices again rose to a point higher than in any year since 1920.

Under the Sugar Coordination Act of 1937 and subsequent modifications, the promedio price for each port is arrived at by deducting expenses from the basic f. o. b. price. The formula for calculating the promedio has been changed by decree from time to time; one decree required that the price for only the first 10 months of the calendar year be used as a basis. The promedio, in turn, is the basis for paying for cane milled, land rentals, taxes, freight charges, etc.

Because of the importance of the United States market for sugar (table 15), perhaps the most influential factor affecting Cuban sugar is the United States quota system; the system was started in 1934 and continues to the present time. The most recent legislation was approved September 1, 1951, and covers the period January 1, 1953, through December 31, 1956. Under it Cuba receives 96 percent of the quota for foreign suppliers other than the Republic of the Philippines and continues to be guaranteed 28.6 percent of the officially determined sugar requirements of the United States market. Although the legislation limits the quantity of sugar that can enter the United States market from Cuba, it affords a certain price protection to that part of the Cuban crop entering this market. During the war years the quota provisions of the sugar act were suspended and sugar was purchased under global contract. This arrangement applied also to molasses and industrial alcohol.



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Since the beginning of the quota system, the tariff imposed by the United States on imported sugar has become of much less significance as an influence on the movement of sugar. The present tariff rate results from negotiations under the General Agreement on Tariffs and Trade, which was initiated at Geneva in 1947 and modified at Annecy in 1948 and at Torquay in 1950–51. Under this agreement Cuban sugar pays an import duty of 0.5 cent per pound for raw sugar and enjoys a 25-percent margin of preference over sugar from other countries except the Philippines.

TABLE 15.—*Exports of principal agricultural products from Cuba, by country of destination, average 1935–39 to 1945–49, annual 1950–52*

RAW SUGAR[1]

[In thousands of pounds, except as noted]

Country	1935–39	1940–44	1945–49	1950	1951	1952 [2]
United States	1, 683	2, 413	2, 868	2, 798	2, 686	2, 553
Canada	6	52	110	4	19	125
United Kingdom	592	337	872	981	943	594
Other	235	32	751	1, 193	1, 618	1, 580
Total	2, 516	2, 834	4, 601	4, 976	5, 266	4, 852

See footnotes at end of table.

TABLE 15.—*Exports of principal agricultural products from Cuba, by country of destination, average 1935–39 to 1945–49, annual 1950–52*—Continued

REFINED SUGAR[1]

[In thousands of pounds, except as noted]

Country	1935-39	1940-44	1945-49	1950	1951	1952[2]
United States	342	351	353	287	320	317
Other	31	80	322	336	355	308
Total	373	431	675	623	675	625
BLACKSTRAP MOLASSES[3]						
United States	145,038	97,863	119,992	206,614	143,942	237,390
Canada	10	683	3,711	-----	-----	-----
United Kingdom	13,810	2,082	45,915	63,419	51,742	5,407
Other	1,186	-----	4,338	2,442	-----	-----
Total	160,044	100,628	173,956	272,475	195,684	242,797
UNSTEMMED TOBACCO						
United States	3,400	3,666	4,763	6,592	9,158	7,610
Argentina	1,015	1,056	187	7	20	-----
Chile	144	353	545	503	515	354
Spain	5,215	3,023	4,689	2,647	7,338	10,787
Other	7,227	2,538	4,137	4,533	6,246	5,285
Total	17,001	10,636	14,321	14,282	23,277	24,036
STEMMED TOBACCO						
United States	7,411	13,924	12,547	9,235	10,164	14,684
Argentina	2	21	4	8	2	-----
Canada	101	206	513	224	243	380
Other	68	30	88	25	84	72
Total	7,582	14,181	13,152	9,492	10,493	15,136
HENEQUEN FIBER						
United States	11,243	9,208	8,088	17,894	20,093	9,142
Chile	223	313	403	-----	90	107
Other	931	504	1,310	12	111	1,243
Total	12,397	10,025	9,801	17,906	20,294	10,492
BANANAS						
United States	264,290	113,550	68,792	13,134	4,481	2,042
Naval Station	-----	11	67	16	29	13
Bahamas	4	2	63	28	26	111
Other	3,598	1,673	8	82	-----	23
Total	267,892	115,236	68,930	13,260	4,536	2,189
AVOCADOS						
United States	9,052	6,049	4,897	7,766	9,212	4,813
Bahamas	1	1	1	-----	-----	-----
Panama	26	9	(4)	-----	-----	-----
Naval Station	-----	1	3	1	1	1
Other	4	17	41	-----	1	10
Total	9,083	6,077	4,942	7,767	9,214	4,824

See footnotes at end of table.

TABLE 15.—*Exports of principal agricultural products from Cuba, by country of destination, average 1935–39 to 1945–49, annual 1950–52*—Continued

PINEAPPLES (fresh)

[In thousands of pounds, except as noted]

Country	1935–39	1940–44	1945–49	1950	1951	1952[2]
United States	84,142	61,347	82,778	77,218	55,156	56,066
Canada	1,736	2,680	4,044	6,010	1,397	2,765
Naval Station	----------	4	3	3	6	5
Other	14	3	8	217	----------	1
Total	85,892	64,034	86,833	83,448	56,559	58,837

TOMATOES

Country	1935–39	1940–44	1945–49	1950	1951	1952[2]
United States	48,765	30,396	26,542	20,437	25,820	15,848
Canada	304	1,153	365	728	----------	----------
Naval Station	----------	21	23	5	36	13
Panama	119	170	----------	7	4	305
Other	37	46	57	----------	----------	----------
Total	49,225	31,786	26,987	21,177	25,860	16,166

[1] In 1,000 short tons. [2] Preliminary. [3] In 1,000 gallons. [4] Less than 500 pounds.

Source: Cuba, Ministerio de Hacienda, Dirección General de Estadística, *Comercio Exterior*, and U. S. Foreign Service reports.

The sugar industry is a vital part of the economic life of Cuba, and the Government controls almost every part of the industry. Two of the principal objectives are the protection of sugar prices and income and the protection of Cuba's position in the export market. Certain of the sugar organizations favor increased manufacture of sugar byproducts, which, they maintain, would better enable the sugar industry to compete with rising production in other sugar-growing countries. So far little has been done in this respect or in the mechanization of the production and harvesting of sugarcane.

Following a period of development of mechanisms for control and administration of the sugar industry, the Cuban Government was faced in 1952 with a tremendous production of sugar and the prospect of a huge surplus above effective demand. To meet the problems, Cuba restricted production of sugar in the 1953 harvesting season to 5,000,000 Spanish long tons (5,680,000 short tons). In addition, a reserve stock was set up of 1,750,000 Spanish long tons of 1952 sugar to be held off the world market and sold during subsequent years. The Government was successful in limiting actual production to 5,686,000 short tons, only 6,000 tons above the goal set. Sugar for harvest in 1954 (the 1953–54 year) is again restricted, this time to 5,396,000 short tons.

An estimated 1,440,000 acres of cane was uncut in the fields in 1953. With restricted output again this year, there will be uncut cane remaining at the end of the 1954 season although part of the surplus cane is being used in the production of high-test molasses. This cane land will continue to produce sugar and is a potential source of additional sugar and molasses should the need arise for larger quantities of these products.

During the summer of 1953 an International Sugar Conference was held in London that resulted in the signing of a World Sugar Agreement. This is a multilateral export-quota-type agreement providing for expansion and contraction of sugar supplies exportable to the world free market through adjustments in export quotas. The United States and the United Kingdom, however, which together take about 50 percent of the world sugar imports, are not included in the free market. The United States regulates all its sugar imports as well as its domestic production, and the United Kingdom is already bound by a Commonwealth Sugar Agreement that exempts it from the quota provisions of the World Sugar Agreement, up to a maximum of 2,660,000 short tons. Increased sugar consumption and stabilized prices are two of the aims of the new agreement and, if these objectives are attained, Cuba, as the principal sugar producer and exporter, will be benefited.

Tobacco

Cuba's second most important export crop is tobacco. It, like sugar, goes in largest quantities to the United States. Before the war (in 1935–39), when Cuba's sales of unmanufactured tobacco abroad averaged $10,702,000 a year—6 percent of total exports—the United States took almost 75 percent. In 1952, when sales were $35,000,000, the United States took almost 60 percent.

Cuba imports tobacco, too, almost all in the form of cigarettes from the United States. During 1952, legal imports of cigarettes totaled 384,000,000 cigarettes, but importers estimate that about 150,000,000 entered clandestinely.

Five different types of tobacco are grown in five regions of Cuba—Vuelta Abajo, Semi-Vuelta, Partido, Remedios, and Oriente. Percentage distribution of volume of production is about as follows: Remedios, 50 percent; Vuelta Abajo, 40 percent; Semi-Vuelta, 4 percent; and Partido and Oriente, 3 percent each.

Vuelta Abajo tobacco, which is used in the manufacture of cigars, is considered to be the finest grown in Cuba; it is aromatic, yet mild. Semi-Vuelta leaf, used for blending in the manufacture of cigars, has a stronger aroma than Vuelta Abajo. Partido leaf, although mild and fine textured, does not have the fine aroma of Vuelta Abajo; it is used as wrappers on cigars for the English market. Remedios tobacco is aromatic and uniform in quality; most of it is exported to the United States, where it is used for blending in making cigars. Tobacco from the Oriente region is coarse and has a strong aroma; its chief use is in the domestic manufacture of national brands of cigarettes.

Production of leaf tobacco in the year ending September 30, 1950, increased 76 percent over that of the preceding year (table 16) and was the highest since 1926, as a result of good weather, good yields of Remedios tobacco, and the lifting of Government restrictions on production. These restrictions had been imposed for the 1947–48 and 1948–49 crop years, but were lifted when the Government realized it was losing its markets to other producing countries. Because the 1949–50 crop was so large, the Government feared that the price structure, especially the floors to growers, would be upset and so again limited production. As a result, the following year's output dropped but not as low as the limit set. That limit was 60,900,000 pounds of sun grown and 3,400,000 pounds of shade grown. A later decree, published in October 1951, limited the 1951–52 sun-grown tobacco crop to 65,900,000 pounds but placed no limit on shade-grown tobacco.

Use of fertilizer on tobacco has been increasing, particularly in the Vuelta Abajo and Remedios areas. Local fertilizer distributors in the latter area make free analyses of soil in order to encourage use of chemical fertilizers. Where fertilizer is used, application is at the rate of about 400 pounds per acre. Recently, several irrigation systems have been installed in the Remedios area. Growers report that in two townships irrigation systems total 21. Use of irrigation water, while increasing the size of the tobacco leaf, is said to impair aroma and quality.

Table 16.—*Production of tobacco in Cuba, with acreage and yield per acre, average 1924–25 to 1928–29 through 1939–40 to 1943–44, annual 1944–45 to 1953–54*

Crop year	Acreage harvested	Yield per acre	Production
	1,000 acres	*Pounds*	*1,000 pounds*
Average:			
1924–25 to 1928–29	[1] 151	[1] 458	72, 210
1929–30 to 1933–34	130	424	56, 686
1934–35 to 1938–39	109	443	48, 091
1939–40 to 1943–44	100	516	51, 488
Annual:			
1944–45	156	414	64, 564
1945–46	151	561	84, 683
1946–47	140	559	78, 211
1947–48	111	533	59, 214
1948–49	112	476	53, 310
1949–50	146	641	93, 643
1950–51	144	551	78, 200
1951–52	136	549	74, 400
1952–53 [3]	(2)	(2)	80, 500
1953–54 [3]	(2)	(2)	90, 000

[1] 1928 only. [2] Not available. [3] Preliminary.

Source: Foreign Agricultural Service estimates based on official Cuban statistics and U. S. Foreign Service reports.

Cuban consumption of tobacco has grown in recent years. In 1948 the unprecedented total of 36,000,000 pounds, leaf equivalent, was used in making tobacco products, chiefly cigars and cigarettes. In 1949, Cuban consumption of locally made products totaled 34,600,000 pounds, unstemmed-leaf equivalent. Only 600,000 pounds of this went into the manufacture of cigars and cigarettes for export, indicating that foreign demand for Cuban manufactured products is not great.

The continuing high level of purchasing power in the early 1950's saw records of other years broken, as consumption of cigarettes and cigars increased further. Slightly more than one-half the total of all leaf used in domestic manufacture and for export is consumed as domestically manufactured products. Foreign demand for locally manufactured cigars and cigarettes continued to fall off.

It is probable that the United States will continue to be the leading market for Cuban tobacco, with Spain following. Other increasingly important markets are Western Germany, Italy, and France. Cuba has been negotiating and is continuing to negotiate with Uruguay, Argentina, Canada, Mexico, Chile, Venezuela, and certain European countries in order to increase its tobacco exports.

Henequen

One of the secondary sources of exchange during the past few years has been henequen, but the prospects for continued export are not bright.

Production of raw fiber began decreasing in 1952, after having reached a peak of 36,200,000 pounds in 1951. And, as a result of the sudden drop in henequen prices early in 1952 and difficulties with labor, it appears that no new plantings will be made in the immediate future nor will unproductive plants be replaced.

By far the greater part of total production has been exported as raw fiber, nearly all of it to the United States. Over a 4-year period 1947–50, exports to the United States averaged 80 percent, on a quantity basis, of the total raw fiber exports. Domestic consumption of fiber is limited to 3 or 4 cordage and binder twine manufacturers that usually produce between 10,000,000 and 12,000,000 pounds of cordage yearly, part of which is exported. Domestic use of the cordage has been cut by greater mechanization of agriculture, use of synthetic twine, and curtailment of sugar, tobacco, and other crops.

Because of low prices and the legal requirement that plantations must maintain high wages, at least two large plantations in Matanzas have closed their decorticating operations, and others are faced with the same prospect. The henequen industry cannot hope to prosper under present conditions and the industry may well return to its prewar marginal status.

Other Products

Several other fibers besides henequen are produced in Cuba but on a comparatively minor scale. Of these, kenaf, a fiber similar to jute, is receiving most attention from the Government and industrial organizations, and probably is the only one that holds any promise of becoming a source of foreign exchange. The industry is still in the experimental stage; the only commercial production so far was stimulated by contracts of the Commodity Credit Corporation of the United States Government for the purchase of the 1951 and 1952 crops. The Cuban Government, in turn, assisted the growers to fulfill these contracts by providing credit for their operations.

Other agricultural exports include hides and skins and honey and beeswax. Cuban production of hides and skins consists mainly of cattle hides and is approximately the same as its cattle slaughter, which was estimated at 860,000 head in 1953. Nearly 90 percent of the locally processed hides go into manufacture of sole and side leather for the Cuban shoe industry.

Honey production has always been principally for export and fluctuates with foreign demand. Low prices discouraged production during the period 1948–50. Production in 1951 was estimated at 9,300,000 pounds, 7,400,000 of which were exported. Exports to the United States declined slightly from the 1950 level, but they still constitute over one-half of the total volume of Cuba's honey trade.

Exportation of minerals has been increasing over recent years, the 1952 total reaching a value of almost $24,000,000. Cuba is reported to be the largest world producer of chemical-grade manganese, furnishing half the world supply. Chromite is one of the principal resources of Cuba and has been an important minor export. In addition to these two, Cuba has deposits of copper, iron ore, tungsten, gold, silver, lead, and zinc. Limestone is abundant throughout the island as are practically all types of clays. So far, however, exports of these last-named items have been small or nonexistent. Possibilities exist for greatly expanded development of both the metallic and nonmetallic minerals of Cuba.

Agricultural and Trade Policy

The objectives of Cuba's commercial and agricultural policy have been to maintain and expand existing export markets and to find new ones; to stabilize the prices of its principal exports, sugar and tobacco; to diversify and increase production of products imported, thus reducing the necessity to import; and to increase employment and wages and improve the standard of living.

The chief instruments for reaching these objectives have been protection of domestic industries afforded by tariffs and other charges on imports; export embargoes to conserve short supplies; minimum prices to producers, as well as controlled prices to consumers; production and stock controls; improvement and extension of roads; rural education; research, extension, and development of cooperatives; and the breaking up of large estates in the interest of small farmers.

Commercial Policy

The framework for Cuba's commercial policy today is the General Agreement on Tariffs and Trade. Many governments negotiated together for mutual lowering of import duties, lessening of trade restrictions, and assurances of most-favored-nation treatment among the contracting parties to the agreement, popularly known as GATT.

This agreement replaced the Reciprocal Trade Agreement that had been the basis for trade relations between Cuba and its most important partner, the United States, since 1934. GATT abolished the guaranteed preferences accorded by the two countries on imports of each other's goods since the Treaty of Commercial Reciprocity of 1902. GATT does, however, contain many negotiated preferences between the two countries. Under the agreement and subsequent modifications, United States tariff duties were reduced on sugar, molasses, tobacco, and other Cuban export products; Cuban duties were reduced on wheat flour and fresh and canned vegetables, and the duty on lard was bound against increase. It was further agreed that Cuba would permit low-duty entry on a tariff quota on rice. A note in the agreement set this minimum quota at 3,250,000 Spanish quintals (330,000,000 pounds) but provided that the Cuban Government determine each year the quantity necessary to supply the difference between Cuban production and consumption of rice and, if this quantity exceeded the 330,000,000 pounds, the low-duty quota would be increased accordingly.

In addition to the tariff duties as such, Cuba imposes certain customs surtaxes, consular fees, and sales taxes collectible at customs. Some of these duties are applied equally to imports from all countries; others are reduced for countries having most-favored-nations agreements with Cuba. When different rates apply, the United States receives the lowest rate.

Cuba still maintains differential tariff duties for certain countries based on its trade balances with those countries. Countries that are not in GATT or that do not have most-favored-nations treaties with Cuba are subject to the maximum, intermediate, and minimum tariff schedules authorized by the Cuban law of 1935. The assignment in the schedules is made annually on the basis of the trade for the previous year. In practice, very little of Cuba's trade is covered by these schedules. The two rates generally applied are the most-favored-nations rate and the preferential rate under GATT accorded only to the United States.

From time to time exceptions have been made from the payment of duty on specified commodities. They have usually been temporary and granted to designated firms for the encouragement of domestic industry or to relieve a scarcity in supply.

Cuba has not found it necessary to exercise exchange controls as have so many other Latin American countries. The Cuban peso is on a par with the United States dollar and is freely interchangeable with it. Since 1939, however, legislation for certain controls has been on the books and has been used from time to time. It requires that, when necessary, exporters sell to the Government at par a designated percentage of their receipts.

Production and Price Policies

Government policy measures with regard to sugar aim at providing stability for the industry by protecting prices and income and by maintaining the country's place in the export market. Examples of these measures are the special financing of 2,000,000 short tons of the 1952 crop in a Special Reserved Quota in an effort to halt a rapid decline in the world price and the decrees limiting the 1953 and 1954 crops to 5,700,000 short tons. The Special Reserved Quota is to be released for delivery against any future United States quotas to Cuba. Near the beginning of each grinding season, the Government announces the probable size of the crop and distributes production quotas among the sugar mills and cane growers; it also makes allocations to the various export quotas.

Policy measures affecting tobacco are administered by the Tobacco Stabilization Fund, an organization created in 1946. The fund executes price stabilization policies, enters into marketing activities, and through its Committee on Production enforces crop restriction. The powers of the committee were considerably strengthened by a law of December 1951. By restricting the crop and by keeping tobacco on lands suited to its cultivation the quality of the Cuban product is upheld.

The Government is anxious to diversify production of food crops and is encouraging increases, especially of corn, rice, and meat. Guaranteed minimum prices to producers for commodities destined for local consumption and high tariffs tend to encourage the diversification program. In spite of the country's traditional dependence on sugar, it is estimated that about one-third of gross farm income in 1951—an extremely prosperous year for Cuban farmers—came from crops marketed entirely within the country.

A decree published in November 1952 reveals the urgency that is felt in official circles for increasing domestic production of basic foodstuffs. By the terms of this decree the Ministry of Agriculture is to purchase all kinds of farm machinery, which is to be rented to farmers of limited financial means, or to farm organizations, for the purpose of making their operations more efficient and profitable.

In line with the Government's efforts to break up large estates for the benefit of small farmers, a Presidential decree of April 1947 effected the appropriation of five estates totaling 15,560 acres, which were divided among the farmers living on the land. Later, in November 1948, the land lease and sharecropping law was passed. One of the aims of this law was to protect renters and sharecroppers by stipulating rentals and shares and by requiring written agreements between owners and renters.

The Government has continued its interest in providing farm-to-market roads to enable more efficient distribution of farm products.

In addition to the measures described above, the Government maintains price controls on certain basic foodstuffs such as milk, domestic black beans, chickpeas, beef, coffee, and cacao. Import and export controls are applied from time to time in order to increase supplies and control distribution of basic foods.

The Bank for Agricultural and Industrial Development, an organization established by the Government in December 1950, is one of the most important agencies for carrying out governmental policies. It provides long-term loans to agricultural producers for permanent plantings, buildings, and irrigation projects; the purchase of breeding stock, equipment, and real property; and the refinancing of debts incurred for such purposes. In addition, it provides short-term loans for ordinary planting, cultivation, and harvesting; the purchase of cattle for breeding, fattening, or work; forage, seeds, and chemicals; and the purchase, processing, storage, and transportation of agricultural products.

Cuba is also a member of several international organizations that are trying to improve agricultural conditions throughout the hemisphere and the world and is actively participating in the programs.

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